



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 3018 (1951-B)
June 7, 1994

SUBJECT: Fraudulent Money Orders

TO: State Directors, District Directors and
County Supervisors

ATTN: Farmer Program and Rural Housing Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance to Farmers Home Administration (FmHA) field offices regarding the actions required after receipt of a fraudulent money order and to assure that Promissory Notes and lien instruments are not inadvertently satisfied.

COMPARISON WITH PREVIOUS AN:

No previous AN's have been issued regarding this topic. However, an unnumbered letter was published on October 21, 1993.

IMPLEMENTATION RESPONSIBILITIES:

Numerous instances have occurred where borrowers have submitted fraudulent money orders to County Offices or the retail lockbox. Although the wording "Certified Money Order" is printed on the draft, it is not a postal or bank money order and is uncollectible through the Federal Reserve System. Extreme caution must be exercised to assure that Promissory Notes and lien instruments are NOT satisfied when a final payment is made in this form.

In many cases, additional documents regarding the refund of overpayment and/or release of lien instruments have been included with the payment. Samples of various fraudulent money orders have been attached as Exhibit A. Please note that all drafts received thus far contain the language "REDEEMABLE AT FULL FACE VALUE WHEN PRESENTED TO" one of the following:

EXPIRATION DATE: May 31, 1995

FILING INSTRUCTIONS:
FmHA Instruction 1951-B



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

L.A. PETHAHIAH
P.O. Box 287
Tigerton, Wisconsin

O.M.B.
W. D. McCALL
P.O. Box 954
Waxahachie, Texas Postal Zone 75165

O.M.B.
W. D. McCALL
P.O. Box 500-284
Vitoria, Texas Postal Zone 77901

or

Mount Calvery Fund
Post Office Box 9580
Warwick, Rhode Island 02889

Upon receipt of a fraudulent money order, County Offices operating under the Concentration Banking or the CASH-LINK Systems should verify that the payment is uncollectible with the Financial Institution where collections are deposited into the Treasury Limited Account. Payments submitted to the wholesale or retail lockbox will be returned to the servicing office by the Finance Office. All fraudulent money orders received in the County Office or returned by the Finance Office should be retained in a locked cabinet and immediately reported to the State Director.

State Directors should immediately report the receipt of the fraudulent money order to the white collar crime supervisor with the Regional Office of the Federal Bureau of Investigation (FBI). The FBI will determine whether an investigation is warranted and if the money order and accompanying documents should be retained by FmHA or returned to the borrower.

County Offices should notify the borrower that the payment was uncollectible (FmHA should retain the money order, unless directed otherwise by the FBI or the Regional Office of the General Counsel) and service the account in accordance with the applicable FmHA instructions. Borrowers with questions regarding uncollectible money orders should be advised to contact the vendor from which it was purchased.

State Office personnel with questions should contact the Single Family Housing Servicing and Property Management Division, at 202-720-1460, or the Farmer Programs Loan Servicing and Property Management Division, at 202-720-6293, as appropriate.

for Michael V. Dunn
MICHAEL V. DUNN
Administrator

Attachment

CERTIFIED MONEY ORDER		NO. P 883 198 598 <u>2/24 19 94</u>
PAY TO THE ORDER OF <u>FHA</u>		\$235,234.06
Two Hundred Thirty-Five Thousand Two Hundred Thiry Four & 06/100 DOLLARS		
<small>On Demand, Money of Account of the United States, as required by law at Section 20 of Coinage Act of 1792 from the time of official determination of the substance of said money; OR, in U.C.C. 1-201(24) Credit Money.</small>		
REDEEMABLE AT FULL FACE VALUE WHEN PRESENTED.		
To: <u>L.A. PETHAKIAN</u> <u>P.O. BOX 257</u> <u>TIGERTON, WISCONSIN</u>	<u>SIGNATURE</u> <u>NAME</u> <u>ADDRESS</u> <u>CITY, STATE, P.O. ZIP NO.</u>	
VOID IF NOT PRESENTED FOR PAYMENT WITHIN SIX(6) MONTHS.		

(Signature Certifying Payment & Acceptance)	CERTIFIED MONEY ORDER	NO. P-859-669-843 <u>11/4 19 93</u>
	PAY TO THE ORDER OF <u>the Treasurer of the United States of America,</u>	\$1,500,000:00
	One Million Five Hundred Thousand and no/100*****	DOLLARS
	<small>On Demand, Money of Account of the United States, as required by law at Section 20 of Coinage Act of 1792 from the time of official determination of the substance of said money; OR, in U.C.C. 1-201(24) Credit Money.</small>	
	REDEEMABLE AT FULL FACE VALUE WHEN PRESENTED	
	To: <u>O.M.B.</u> <u>W. D. McCALL</u> <u>P.O. BOX 500-284</u> <u>VICTORIA, TEXAS POSTAL ZONE 77901</u>	<u>SIGNATURE</u> <u>NAME</u> <u>ADDRESS</u> <u>CITY, STATE, P.O. ZIP NO.</u>
	VOID IF NOT PRESENTED FOR PAYMENT WITHIN SIX (6) MONTHS.	

CERTIFIED MONEY ORDER	No. 17450 - 2000
PAY TO THE ORDER OF <u>Loans Farmers Home Admin.</u>	\$ 39,805.03
39805	DOLLARS
<small>On demand Money of Account of the United States, as required by law at Sect. 20 of Coinage Act of 1792 from the time of official determination of the substance of said money OR in U.C.C. 1-201(24) Credit Money. Also at 31 USCA 6371 providing official determination of substance of said money. REDEEMABLE AT FULL FACE VALUE WHEN PRESENTED WITHOUT PREJUDICE 1-201(1)(C).</small>	
MAIL TO: Mount Calvary Fund Post Office Box 9580 Warwick, Rhode Island 02889	
VOID IF NOT PRESENTED FOR PAYMENT WITHIN SIX (6) MONTHS.	
<u>Authorized for payment, and by Power of Attorney</u> <u>Patrick E. Rudd</u> <u>Name</u> <u>Address</u> <u>City, State, Zip</u>	